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RECORD OF ORAL HEARING

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

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Ex parte CRAIG W. BARNETT, KAREN R. REISNER and
MARK BRAUNSTEIN

_____

Appeal 2007-0794
Application 09/879,825
Technology Center 3600

_____

Oral Hearing Held: Wednesday, February 20, 2008

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Before RICHARD TORCZON, SALLY MEDLEY and JAMES T. MOORE, *Administrative Patent Judges*..

ON BEHALF OF THE APPELLANTS:

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The above-entitled matter came on for hearing on Wednesday, February 20, 2008, commencing at 9:00 a.m., at the U.S. Patent and Trademark Office, 600 Dulany Street, Alexandria, Virginia.

PROCEEDINGS

JUDGE MOORE: Okay, welcome Mr. Gatto. We are here for the oral argument in appeal number 2007-0794 in reference to serial number 09/879,825, the application of Craig W. Barnett, et al. Mr. Gatto, you have 20 minutes to spend as you will.

MR. GATTO: Thank you very much. I probably will not use all of that, but I will -- what I would like to do is really address a couple of the key issues I think that are in the briefs. There are a lot of legal issues there. We think the examiners made a lot of legal errors.

But I think that there is a few that are somewhat dispositive here, and I would like to focus on those. By way of preliminary comment, I think a couple of things are important to note. One is I think it is important to remember this application has a filing date, effective filing date of April of 1995.

And I think in a lot of cases the examiner has applied hindsight as far as what's known now with respect to the Internet in making some of his rejections. And I think that is you know one thing to keep in mind, is that we have to look at the invention at the time the application was filed.

The second thing is that many of the claims here were copied from the Lauer patent, and I think it is important to note for purpose of provoking interference. So many of these claims were already examined and issued by the patent office. These claims were copied.

And to the extent that there are some claim interpretation issues, which we will get into in a second, under the Vas-Cath and other cases it is important that we look at the specification from which the claims were copied to the extent that is necessary. And the examiner hasn't done that.

The other thing I think that is important to keep in mind is that with respect to the invention, what we are -- really there is many different independent claims here, but I think there are some common themes throughout them that I will kind of first give a very brief overview just to make sure we are all oriented on the same page.

JUDGE TORCZON: Okay, I would like to address one of your premises though.

MR. GATTO: Yes?

JUDGE TORCZON: You said that we should take into consideration the specification the claims were copied from.

MR. GATTO: Yes.

JUDGE TORCZON: What is the support for that?

MR. GATTO: The Vas-Cath case, the Vas-Cath.

JUDGE TORCZON: The Vas-Cath case says that we should look at their specification, not your specification.

MR. GATTO: To the extent that claims are copied from an application for provoking interference, interferences, yes, that is Vas-Cath. Vas-Cath states that is what you should do if to the extent there is question with respect to interpretation of the claim.

JUDGE TORCZON: How could we possibly get any understanding of what the applicant needs from somebody else's specification?

MR. GATTO: That is what Vas-Cath told us to do. I mean, to the extent that --

JUDGE TORCZON: But let's examine that premise. I mean, that premise makes no sense. Taken literally, what you are saying is that the -- your inventor was using the other specification as the dictionary. I mean, is that an admission you are making?

MR. GATTO: No. What I am saying is that --

JUDGE TORCZON: Well then how can we possibly rely on the other specification to define what your invention is?

MR. GATTO: Well, I think whether you do it or not we get pretty much the same result.

JUDGE TORCZON: Okay, well then let's not do it, because I don't think that makes sense in light of any of the subsequent case law on claim construction.

MR. GATTO: Okay, fair enough.

JUDGE MOORE: And we are not in an interference situation at the moment.

MR. GATTO: Correct. Okay, so as far as just the overview of the invention. I mean, what this invention primarily relates to, and I realize some of the language, you know you talk about a first server and a second server, and downloading coupons and redeeming coupons.

JUDGE MOORE: Okay, great. I am glad you said that, because I am looking at claim 47 and I am sure you are intimately familiar with it at this time.

MR. GATTO: Yes.

JUDGE MOORE: So we have a system for distributing and redeeming electronic coupons.

MR. GATTO: Yes.

JUDGE MOORE: Now, what is a coupon? Is a coupon --

MR. GATTO: A coupon, and again referring to the applicant specification, a coupon is what we think of as a discount coupon. It is a incentive or some discount off of an item that you purchased.

JUDGE MOORE: But couldn't it also be like a request for information, a coupon you send in to get more or further information about a product?

MR. GATTO: In light of the specifications --

JUDGE MOORE: If you had ever paid a mortgage, couldn't you have a coupon that is used as payment, you know to register your payment and things like that?

MR. GATTO: And --

JUDGE MOORE: I am trying to figure out if you have gathered the scope of this claim.

MR. GATTO: Yes. In light of the, again to Judge Torczon's point, I mean, if you look at that term in light of the applicant specification, it is clear they are talking about discount coupons. Things that you can redeem for a product and get a discount off it as a way of manufacturers or other coupon issuers to give you an incentive to buy their product to build brand loyalty or various other reasons that discount coupons are used.

JUDGE MOORE: But does your specification actually limit that term to a discount coupon?

MR. GATTO: Well it refers to product redemption coupons, that is how it refers them. And the title of the application itself is -- redemption coupons, and all throughout consistently the specification uses the term coupon to refer to product redemption coupon, discount coupons, etcetera.

JUDGE MOORE: Okay. Then you, going into the body of the claim, you have a first server system, --

MR. GATTO: Yes.

JUDGE MOORE: -- including a computer processor and associated memory.

MR. GATTO: Yes.

JUDGE MOORE: Not new there, right, that is standard?

MR. GATTO: Correct.

JUDGE MOORE: Said "first server system being connected by a communications channel to a client system." Again, that is not new, you are using something that has been known in the art. What is a client system?

MR. GATTO: A client system, again that is a term that I believe is well understood in the art in the context of a client/server network, which is what this claim relates to. A client system or client device would be a device such as a PC, it could be a laptop, a desktop, various types of computer devices that interact with the server to request information or other interaction with the server.

JUDGE MOORE: So anything that has the characteristics of a computer, a Smart Card for example?

MR. GATTO: I would say not a Smart Card. A Smart Card, and I think that gets to one of the key issues here, a Smart Card itself is a storage device. Now there may be some intelligence on a storage device if it's a Smart Card, but the Smart Card itself doesn't request information from the server.

The Smart Card is read by a reader. The reader may interact with the server. The Smart Card is kind of like a thumb drive or you know some type of storage device that you can connect, it may be a peripheral to a client system. But in and of itself it is not a client system.

And I think this is one of the key issues that I wanted to get to with respect to the examiner's rejection. Why does the examiner interpret the Smart Card of the Nick Berger/Valencia combination if you will as a client system? Why does he not refer to the card reader, which is more

analogous to the client system that is being claimed, it is the device that interacts with the server?

The reason is the rejection simply doesn't work if you look at the card reader, because the examiner, you know it appears he has kind of formed a conclusion that the invention is obvious and then he is trying to find support for it. And in interpreting Nick Berger to say that the storage device is the client system, we believe is a very strained interpretation.

And even if it is a client system, even if you could adopt that interpretation, which we submit would be improper and unsupported by the common usage in the prior art, the rejection still fails, because the claim further requires a second server system connected to "said communications channel" for connecting with the client system, detecting the coupon and redeeming it.

So even if the Smart Card is the client system, right, what is the "said communications channel" that the second server is communicating with that card with to detect the coupon?

JUDGE MOORE: Well, a question for you. I understand claim 47 says "said," but you have other claims that don't say "said," they say "a communications channel" in that second communication occurring. So what about -- I mean, your claim says "a communications channel" and "said communications channel."

What makes it just this one link, or why can't it be something along the lines of a storewide RF system or something like that? Why does

it have to be, why can't it be a series of readers strategically located throughout the store?

MR. GATTO: It is potentially possible that if they were linked in a way that met the claim elements that might satisfy, but there is nothing in Nick Berger that suggests that. In Nick Berger, the consumer takes the card, right, from the reader where they download coupons. They walk over, they do shopping and they walk over to the checkout and it gets scanned at a checkout.

There is no communication that is disclosed between those two end points as far as reading the card. It is a different device that reads the card in that case. And even then, it is the reader at the checkout that reads the card. If the examiner you know, it is questionable that is even a server, right?

That is more analogous to another client system that is actually reading the card. And again, that is another I think problem with the examiner alleging that a Smart Card is a client system here, because then what is the server that is reading this?

It is not really a server, it is a card reader. A card reader is not a server, again it is more analogous to a client device.

JUDGE TORCZON: Mr. Gatto, where does your specification define a client system?

MR. GATTO: I believe that is not defined specifically there in the specification, but it is clear in the context of how it is being used that it's a PC. The example we give is a PC.

JUDGE TORCZON: So we should limit your claims to the embodiments in the specification is your argument?

MR. GATTO: No. I am saying that the claim element should be read consistent with the specification.

JUDGE TORCZON: Well, what is the difference between reading it consistent with the specification and limiting it to the embodiment?

MR. GATTO: The difference is that when you read a claim consistent with the specification, looking at the specification as a whole and looking at what is disclosed, the PC is disclosed. I believe it says there can be other peripheral devices that you can use. That would be looking at the specification as a whole to get an understanding of the scope of the meaning of the term "client system."

JUDGE TORCZON: Well, if it means --

MR. GATTO: If you limit it to a PC --

JUDGE TORCZON: Counsel, if it means PC why does it not say PC?

MR. GATTO: Again, because this is an example where this claim was copied from the Lauer patent for purposes of provoking interference.

JUDGE TORCZON: We are forgetting the Lauer patent, because we don't have an interference, we have a rejection here. My concern is this, the federal circuit has said it is a reversible error for us not to read this claim as broadly as possible.

The way you get out of that is to define the term. You don't define the term, we are stuck, we have to figure out what is as broadly as reasonably possible. You have got to tell me why, where the dividing line is between what the examiner wants to read and your expressed embodiments, because the examiner says it is broader than your expressed embodiments. You are saying it is broader than your expressed embodiments, but I don't know where that line is.

MR. GATTO: Okay. Well, two things that I would say. First of all, I respectfully disagree the test is that you can read it under any broad interpretation. It --

JUDGE TORCZON: I didn't say that, as broadly as reasonable.

MR. GATTO: Exactly. And I think that is where the examiner is falling down, is that there, it's not a reasonable interpretation to say that --

JUDGE TORCZON: How is it unreasonable?

MR. GATTO: Well, for two reasons. First, a card is not generally perceived by one of ordinary skill in the art as a client system, there is no evidence of that.

JUDGE TORCZON: Okay, you are testifying now. Where is the evidence, either in the specification or in technical dictionaries or in declarations? We can't accept attorney argument, that is not evidence.

MR. GATTO: Well first of all, I again respectfully submit it is the examiner's burden to establish a prima facie case. It is the examiner that is taking the position that a card is the client system, and it is the examiner that --

JUDGE TORCZON: How is that unreasonable in light of the language here? You chose a broader term than what your specification uses, and the examiner is doing what you asked him to do.

MR. GATTO: I --

JUDGE TORCZON: He is construing it broader than the embodiments you listed. You are asking us to narrow it to something that is not your embodiments, but something less than what he is doing.

MR. GATTO: There's a couple of reasons, if I can articulate the combination of reasons, I believe it becomes clear.

JUDGE TORCZON: Please do.

MR. GATTO: First of all, there is evidence of record, okay, that the examiner has cited a dictionary definition of client system, all right. And in it, in that definition it says, "it is a device that requests information from a server."

There is simply no evidence of record that the card itself requests information from a server. The card is a storage device to which information is stored and read. It is the card reader, if anything, that may interact with the server. So there is evidence of record regarding the definition of client system, and the examiner cited himself.

JUDGE TORCZON: So if you have got a card reader in combination with a Smart Card you have got a client system.

MR. GATTO: Perhaps. But the problem with the rejection is if the card reader is the client system then the rest of the claim elements don't work. And that gets to my second point as far as the scope of client system.

The claim itself, if we focus on claim 47 for a second, the claim itself says the client system is adapted, that the server is adapted to establish connection with the client system, all right.

So, there has to be a connection with the client system. And the client system is what is requesting information from the server. So there are elements that, functional elements within the claim itself that tell you what the client system has to do. The card doesn't make any requests, there is just no evidence of that.

The examiner is taking that position. It is unsupported, and the examiner has no evidence to say that a card that anyone of ordinary skill in the art would consider a card to be a client system. And I agree, you know there has to be evidence, but the evidence has to support the examiner's position if he is taking something that would be an unconventional reading.

I think when you look at the claims as a whole, there is evidence of what a client system is, the examiner has cited a definition, it has to interact with the server. And that is the context in which this term is being used in the claim.

It is clear the client interacts with the server to request information to download coupons, then there has to be a second server --

JUDGE MOORE: Hang on a second, I --

MR. GATTO: Yeah.

JUDGE MOORE: Where is that in claim 47? Where is this request you keep referring to?

MR. GATTO: Well if you look at -- the examiner cites definition of client system, and I believe that the definition that is provided says that the client system requests information from a server. So, it is in the definition of client system.

JUDGE MOORE: Well okay, I am looking at -- the name of the game, to borrow the phrase, is the claim. And I am looking at the claim and I am not seeing what you are saying, in terms of it has to request information first. All I am seeing is a server system being adapted for (read "capable of") transmitting an electronic coupon to said client system.

We have got a card and a card reader of some form or another, and it seems to be capable of doing that in the prior art. So, I am not sure where you are headed with that. I mean, the claim itself doesn't seem to have these limitations in it that you are arguing.

JUDGE TORCZON: Nor incidentally, does the examiner's definition. The examiner's definition says "a computer in a network that uses services as provided by a server. So why can't the client simply use services?

MR. GATTO: He can, but there is no evidence that the card itself does that. The card is a device to which information is stored and read. The other thing I would submit though, is even if claim 47 doesn't explicitly recite that, there is various other claims that do.

Claim 57 for example, says "the client requesting information from said server." Claim 58 says the server receives a request for

information from the client. So many of the claims specifically recite that feature.

JUDGE TORCZON: But if I swipe a Smart Card, why isn't that the same thing as a requesting, why isn't it effective? Why isn't the card itself the thing that triggers the request?

MR. GATTO: Because it doesn't. There is no evidence that it does. The Smart Card --

JUDGE TORCZON: No, no, no. Forget this, just plain logic, plain English and common sense here. I swipe the card and I get a response. I mean, nothing happens before I swipe the card. The card gets swiped and a response comes. This is getting metaphysical to me. What is the difference between swiping the card and getting a response when there wouldn't have been a response otherwise, and a request for a service?

MR. GATTO: Because when you swipe a card, all you are doing is the reader is reading information from the card.

JUDGE TORCZON: And interpreting that as a request.

MR. GATTO: Respectfully, there is no evidence of that.

JUDGE TORCZON: Well there is no evidence to the contrary either, and we are stuck with the broadest reasonable, why is that unreasonable?

MR. GATTO: Because the way a card reader works, okay --

JUDGE TORCZON: No, no, no, no. I don't see card reader in the claim. We swipe the card, we get a request, we get a response, why is that not a request?

MR. GATTO: I don't see anything in the prior art or the evidence of records, which shows that happens. If you swipe a card, the reader will have information. The reader can then do something with it, but it is the reader that is taking action not the card.

The reader is simply reading data off the card.

JUDGE TORCZON: So why doesn't the reader respond to the request without the swiping?

MR. GATTO: Why doesn't the reader --

JUDGE TORCZON: Yeah, why don't I, you know I walk up and it just gives me the coupon?

MR. GATTO: There is no indication that is what happens.

JUDGE TORCZON: Well, there is no request. So what triggers the request, what is the request? The request is the swiping. If there is no swipe there is no response.

MR. GATTO: But that would be -- to the extent you are saying the card is making the request. The card is interacting with the client system, not with the server. Again, you have to read the claim as a whole.

JUDGE TORCZON: Yeah, I am trying to read the claim, but when I read the claim it says "client system." When I read the spec I see no definition of the client system. And the examiner has put together a rejection in which the Smart Card is triggering a response.

MR. GATTO: Okay. Even if that interpretation could be adopted, there simply is no common communication channel that the card

communicates then with a subsequent server. So, the rejection still falls apart.

JUDGE MOORE: Well, I have a question about that. Why is a bunch of these card readers scattered throughout the store not the same channel?

MR. GATTO: Because the claim requires more than that. The claim requires, again, we look at different claims. But if you look at claim 47, okay, it doesn't just require a bunch of readers connected together, it says "the second server," okay. So let's say you have, let's say it was again, I am not sure that a card reader is a server.

But even if it could be considered a server, the second server has to connect to "said communication channel." So what was the "communication channel?" It was the channel between which, under the examiner's interpretation, the card communicated with the first reader. That is an internal bus where the card reader reads the card, okay.

When you put the card into the checkout scanner, right, there is a separate internal bus. So even if on the back end those things were connected, the relevant communications, the storing information to the card and reading information from the card is not occurring over the same channel.

So under your scenario, even if that happened it wouldn't meet the claim elements.

JUDGE MOORE: Switching gears just a little bit, but isn't that just a question of wiring?

MR. GATTO: No. It is a question of -- you know, you can have devices that have multiple connections, okay. But if the claim specifies that you have a communication channel over which a certain communication is occurring, in this case the storing of coupons. And the claim further specifically says that you have a second device operating over that same channel, okay.

Then even if there is other wiring, that is irrelevant to the claim. You have to look at what is actually claimed. You would be ignoring the claim elements. And I think that is what the examiner is doing here. And it is not you know, this is one these things you have to kind of think about it and look at the claim as a whole and look at how the claim elements are inter-related.

And read those claim elements consistently. And when you read them consistently, the examiner's rejection based on Nick Berger can not stand, even if you interpret the card reader or the card as a client system.

JUDGE MEDLEY: What is the communication channel? What does your specification say it is?

MR. GATTO: Well, it says it can be the Internet or other networks.

JUDGE MEDLEY: So it can be any of a bunch of wires connected together, because the Internet is just a huge network, right?

MR. GATTO: Correct. And in this --

JUDGE MEDLEY: So a communication channel, it is not really from point A to point B in a single wire. It can be considered any of a number of connections inter-connected.

MR. GATTO: It could be, correct. But that still has to be the same channel. For purposes of the claim, it still has to be the same channel. Okay, so even if you interpret the Internet that broadly, which is probably a fair reading all right, in the Nick Berger it is clear the communication channels by which you store information and read it are not the same, they are not part of the same network. The examiner ignores that part of the claim.

JUDGE MOORE: Well actually, I think that the examiner probably interprets it broader than you do. And the question is why is that unreasonable? To have all of these things are networked together, you have got a hub in the middle of the store, you have got a kiosk in the aisle, you have got a checkout counter, you have got a redemption center who are all hooked together.

They are not isolated. And I am communicating with the kiosk by a card reader. I am coming over here and I am communicating by a card reader over here. Why is that unreasonable to say that type of communication is the same channel?

MR. GATTO: Because the relevant information flow in the claim does not occur over those same channels. When you look at the --

JUDGE TORCZON: Wait, wait, wait, wait. I thought you told us that it was fair to read communication channel as the network.

MR. GATTO: It -- in the context of the invention, okay, even if the Internet is the invention. So if I have a home computer, okay, and I am going out over my ISP, all right, there is some portion of the communication channel that is common. There can be other branches to the Internet, I agree. But you are connecting to a server, okay. So I am connecting through, if you call from my PC to the server from which I am downloading the coupons, okay, a communication channel.

And there may be another, like Amazon, where I am going to actually redeem the coupon when I buy something, all right. It is still going to come over at least a portion of the same communication channel, the portion from me to my ISP and then whatever the routing is in between that, that is one thing.

JUDGE TORCZON: But wait, wait, wait. That is glossing over an important point, because the routing on the Internet changes. I mean, the same information gets split up into packets that can go all over the place.

MR. GATTO: Correct. But --

JUDGE TORCZON: So there is no -- I mean, either "same" means rigidly the same, in which case we are not talking about the Internet or it means basically very broadly, any route that gets you from point A to point B is the same channel as long as the endpoints are the same.

MR. GATTO: But the important thing with respect to the claim, okay, is that you have to, even if you can interpret it that way, you

have to look at what the claim says. Is that there is two relevant pieces of data flow, okay. One is you are storing information to a card.

And the second is you are reading the information. You are detecting the information and reading it for purposes of redeeming it, okay. Those are the two relevant data flows. In Nick Berger, okay, those occur over two distinct channels that are not disclosed as being connected together or being the same channel.

JUDGE TORCZON: Well, but the Internet can lead to completely distinct routes being used, in fact in the same communication. The same train of information can be split over multiple paths.

MR. GATTO: But the difference though is that if the network, all right, if the communication channel is the Internet, okay. If we consider that a common mean, there may be different routings within that network, okay. But that is a network. If I then have an internal -- if I have a PC in my house that has you know a wireless connection to other PC's in my house that is a different network, okay, if it is not connected to the Internet for example. In this --

JUDGE TORCZON: Wait, wait, wait. Why is that? Why is that?

MR. GATTO: Because you could have different networks --

JUDGE TORCZON: But this seems like a heads I win, tails I lose construction. If it's on the Internet it means anything, but if it's in my house it's got to be a single wire.

MR. GATTO: No, no. I am not saying that. What I am saying is that if I have a separate network, okay. If you have a separate network, an internal network not connected.

JUDGE TORCZON: Well that is exactly the point I just made though. You are saying well, on the Internet the path doesn't matter, but if it's anything other than the Internet the path does matter. Where is that in the claim?

MR. GATTO: I am not saying that. I apologize if that is how it's being interpreted. If you look for example at a store as having an in-store network, okay, that could be a separate network. It can be connected to the Internet or not. But the relevant thing here is what is the examiner relying on for the communication channel?

It is two distinct things and there is no evidence that they are connected together.

JUDGE TORCZON: But it's part of the same network.

MR. GATTO: But there is not communication over the same channel, that's the distinction.

JUDGE TORCZON: But we know that is not important, because we can construe the claim to cover the Internet. Again, this seems, your definition seems to change on context. It is a definition of convenience that I am not seeing support for either in the claim or in the specifications.

MR. GATTO: I believe that the claim itself specifically says that the second server is connected to "said communication channel" --

JUDGE TORCZON: Does that cover the Internet?

MR. GATTO: In the context of Nick Berger, no.

JUDGE TORCZON: No, no, no. In the context of this claim, does communication channel cover the Internet?

MR. GATTO: It would cover the portion -- the communication occurs over the portion of the Internet that connects from the users computer to the Internet server from which they are downloading the coupon information.

JUDGE TORCZON: So it is that limited?

MR. GATTO: In the context of how it is used in the specification, yes.

JUDGE TORCZON: Okay, but that is a variable path.

MR. GATTO: The path could vary. But the claim requires that the second, the second server communicate over the same channel. The point is the relevant information flow, the storing of information, the reading of information in Nick Berger occurs over two different channels.

JUDGE TORCZON: I am trying to figure out though, how one of ordinary skill in the art is going to read this claim and get that. I mean, that seems like an artificial distinction to me. Either said communication has a rigid meaning, or does it? And you know frankly, I don't care. I mean, I have no stake in what the construction is.

I just don't get why said communication channel can mean any path if we are talking about the Internet, but when we go to apply a prior art that doesn't involve the Internet it requires a specific path.

MR. GATTO: That is not what I am saying. If you look at what Nick Berger is doing, you have a card that connects to a reader. The communication channel over which that data flows is between the reader and the card. There is a communication path, it is internal to the card reader, all right, when the card gets inserted in.

When you take that card out to go to redeem it, it's connecting to a different internal reader, or a different reader and there is a different internal communication path.

JUDGE TORCZON: Okay. But when I order something over the Internet, my request goes out and it probably goes to some place in McLean. And from there who knows where it goes. It goes to some place in North Carolina and then the West Coast, and then bounces up to Oregon, say.

And then on the way back it goes to Akron, and Pittsburgh, and McLean and back. Is that the same communication channel?

MR. GATTO: You are going to be connecting from your computer to an ISP, all right. That clearly, that portion of the channel is going to be common whether you are going to an Internet coupon server or Amazon. There may be additional routing, but --

JUDGE TORCZON: So as long as any portion of the path is common it is the same?

MR. GATTO: It has to be the same -- so even if we interpret the Internet broadly as it can re-configurable, there can be different paths,

okay, then the communication channel it's still a common channel. It is an Internet channel, right. The path may be different --

JUDGE TORCZON: Okay, there is a channel on the card too, right?

MR. GATTO: Correct.

JUDGE TORCZON: So when I swipe the card, at least a portion of the channel between the part the interfaces with the reader and the part that is the memory there's a common channel.

MR. GATTO: No, there's a channel between the card, just like there is a channel between the PC and the Internet server, right. There is a communication channel between the reader and the card. The card itself is not a channel. The channel defines the --

JUDGE TORCZON: There is a channel on the card though.

JUDGE MOORE: There has to be something connecting the internal memory going through --

MR. GATTO: If it is magnetic, no, you could have a magnetic reader, it doesn't have to be.

JUDGE MOORE: But that would be part of the channel though, wouldn't it?

MR. GATTO: Well, no. The magnetic information is the stored information, the way you read it.

JUDGE TORCZON: But we don't have any limitation that it has to be a magnetic card like a credit card.

MR. GATTO: No, I am saying, but it is not inherent that there is a communication channel on the card itself, all right. I gave you an example of where there is no communication channel. I am not saying it has to be limited to that, but it is not inherent that the card has a channel, there is no evidence of that.

The claim talks about establishing a communication connection between a server and a client.

JUDGE MOORE: But you want us to read that communications channel as going no further than that. It has to stop at the client and it has to stop at the server, it can not go anywhere else. Is that what you are asking us to read that claim as?

MR. GATTO: What I am saying is that what the claim says, that there is a system for connecting. The communication channel connects a client system and a server.

JUDGE MOORE: Yeah, but reasonably, broadly, I can take that a lot of other places too. You are part of a channel, you are part of a bigger network. You are part of the storewide network. You are also part of the Internet. You are making us, trying to make us read a limitation that I am just not seeing and I don't think my colleagues are seeing it either.

So you need to point to us where it says it can not be anywhere else you know, why it has got to be one or the other, it is rigidly defined or it isn't.

MR. GATTO: Well, if you are saying that the communication channel that connects A and B, okay, what you are saying is the

communication channel is B or part of B, right. When you say there is something between something, you are referring to you have two endpoints and something between it. The communication channel is defining what is between the client system and the server.

JUDGE TORCZON: Yes, but we know from the Internet example that it could be any path.

MR. GATTO: That's right, but it still has to be a path between the two end devices.

JUDGE TORCZON: Right.

MR. GATTO: You are saying the card itself is the communication channel. Now you are saying that the card is the client system and the communication channel.

JUDGE MOORE: No. We are just saying you haven't established that is an unreasonable interpretation.

MR. GATTO: Well first of all, the examiner hasn't taken that position and second of all, there is no evidence that the card is a communication channel. The card is read by something. If to the extent it being read, there is some connection, whether it is magnetic, electric or otherwise, okay. There is a connection being established. Whatever that connection is, whatever that path is over which data is read from the card to the card reader, that is the communication channel consistent with the interpretation of the claim.

It is the communication path between the two devices we are talking about.

JUDGE MOORE: I want to switch gears just for a second.

MR. GATTO: Okay.

JUDGE MOORE: I am having difficulty with claims 57 and 58. Can you explain to me why, how 58 works with claim 57, in terms of how can the server receive a request for information from the client before it is, before the establishment of a connection?

MR. GATTO: It is before the server establishes a connection. Simply put, what this really means is the client is initiating a transaction. The client initiates a request for information and then the server will connect to the client to transmit information, that is all it really means.

JUDGE MOORE: So how does the server receive the request for information?

MR. GATTO: The client initiates a transaction. The client initiates a connection to the server, request information, right. Again, the Internet is a stateless communication. So you request information, the server will process information, and then the server will then initiate a communication to the client.

All this is saying -- I mean, you can have push systems like Von Kohorn, which is a broadcast system where you send stuff out to clients and then they can use it if they want or you can have a pull system, which is what the invention relates to, where the client can go to an Internet web site and pull down information whenever they want.

So the client initiates a request to the server. And then, in response to that, the server will process it and do what it needs to do. And

the it will establish a connection with the client and transmit information to the client. That is all the claim relates to. It is not clear why the examiner issued a 112. And that is what the specification discloses.

JUDGE MOORE: I think the issue arises from communications channel, that term, the definition of it is vexing.

MR. GATTO: It is establishing a connection over a communication channel. So when you establish a connection, the server right, you can have a push server that says okay, I am going to communicate with this client, okay. And there are some systems that are like that for different purposes. You will have a server side, communication-initiated.

In other situations when you are doing web browsing or going to surf for Internet coupons for example, the client contacts the server first. So the client requests information, okay, and again, because it is a stateless communication essentially, the server will do what it needs to do. It knows what the return address is and then it will initiate a communication or establish a connection over the path to the client.

There is not a permanent connection between a client and a web site. That is all that this claim is trying to get to. So again, in simple terms I would say think of it as a pull system versus a push system.

JUDGE MOORE: Okay, I know I derailed you. If you would --

MR. GATTO: I really, I know we have probably gone over it, I appreciate the time but one quick thing on Von Kohorn. What I would like to just say is that you know with respect to Von Kohorn, I think there is a lot

of differences between what Von Kohorn discloses and what the invention claims.

One of the key things though is -- I mean, the examiner, well I believe he is incorrect in a number of -- one thing he is correct about, Von Kohorn is very clear with respect to how coupons are redeemed in his system. It is by mail or you walk into the store, or you can call over the telephone and give the code.

What the examiner then does is he relies on -- Von Kohorn is 116 columns of information regarding a wide variety of different embodiments. If you look at where the examiner cites to, he cites to you know different lines from different embodiments that relate to different systems that some of which don't even relate to discount coupon.

There is wagering systems, you have lottery systems, there is different things that are in there. And the examiner takes a random walk through the reference and finds you know snippets that seemingly support the position that he wants to take.

The bottom line, it's very clear from Von Kohorn --

JUDGE TORCZON: Okay, why is that unreasonable though? I mean, it is all in the prior art. Why is looking at different parts of a reference --

MR. GATTO: Because if they are different embodiments, you can't pick and choose --

JUDGE TORCZON: Well, but an obviousness over two references, I am combining things from two completely different references.

So why is it necessarily unreasonable to look at teachings of different embodiments in the same reference?

MR. GATTO: It is not necessarily unreasonable. What the examiner does here is unreasonable, because when you look for example, at a wagering system, which is one of the embodiments he refers to, there is no coupon used for a discount transaction to the extent that you have some evidence of what you wagered. That is the evidence of the transaction itself. You are not using a coupon in the context of the invention.

JUDGE TORCZON: But does a communication with a customer, does an interaction with a customer electronically?

MR. GATTO: Correct. But I think that is true but irrelevant.

JUDGE TORCZON: So why isn't that relevant?

MR. GATTO: I will tell you why, because the claim itself requires that, with respect to the redemption side. So once you have stored a coupon, let's assume that Von Kohorn has a coupon stored somewhere on the what's analogous to a client device. Then what the claim talks about is detecting that coupon and redeeming it okay. The electronic communication that the examiner refers to is to determine whether you have a winning ticket, okay.

The electronic communication that the examiner refers to is to determine whether you have a winning ticket, okay. That is not a redemption, that is just a determination if it's a winning ticket.

JUDGE TORCZON: Okay, so what you have said is the wagering example doesn't anticipate the claim, and I will concede that. But

why does that make it not relevant? Why isn't it not addressing at least part of the problem that faces the art?

MR. GATTO: To the extent that -- well it depends how you define the problem of course, right. If the problem is can you communicate over an electronic network? Sure, yeah you can. We are not claiming, but we are claiming --

JUDGE TORCZON: So if the examiner is using it for that purpose, to address that it was known in the art how to do that slice of the problem it would be relevant, right?

MR. GATTO: We will concede that communicating over a network --

JUDGE TORCZON: But that doesn't answer my question. If the slice that the examiner cites is relevant to the problem being solved, then it is relevant, right?

MR. GATTO: That is not the problem being solved. The invention doesn't say "hey, we are telling you how to communicate over a network." What we are saying is --

JUDGE TORCZON: But the invention does do that stuff.

MR. GATTO: It uses that as a tool, but that is not the problem it is solving, I think that is the difference. The problem is --

JUDGE TORCZON: But the art knew how to solve that slice of the problem, right?

MR. GATTO: I don't think that is the problem. We are not saying --

JUDGE TORCZON: So you are conceding that the -- so you are telling us then that we don't have to rely on the reference at all for that, because we concede that much is in the prior art?

MR. GATTO: No. What I am saying is that is not a proper articulation of the problem. The problem the invention addressed was how to enable consumers to remotely obtain and electronically remotely redeem coupons, okay.

JUDGE TORCZON: But the standard for obviousness has never been a two-referenced anticipation. Necessarily, there are going to be obviousness rejections where the examiner has got the point to analogous art --

MR. GATTO: Correct.

JUDGE TORCZON: -- to show solutions to at least part of a multi-part claim. We have got a multi-part claim, right?

MR. GATTO: Yes, but even if all that is true, the piece that would be relevant is if you -- the claim talks about on the back end there, reading over an electronic you know, from a server to a client, reading the stored coupon information and then electronically redeeming it at that server.

The wagering system has nothing to do with reading the information and redeeming it. It doesn't go to redeeming. It is not analogous for that purpose. It was a separate reference. You could say it is not an analogous art. If you look at a wagering system --

JUDGE TORCZON: No, we can't, no, we can't. It is not that simple. You are saying because it is not dealing with redeeming coupons we can't look at it at all, and that has never been the test for analogousness.

MR. GATTO: The test for analogous art is what is the field of the endeavor, right. And the field of endeavor here is clearly, you know how to obtain and redeem coupons. So I submit that is the field --

JUDGE TORCZON: But wait, wait, that is one possibility, what's the second?

MR. GATTO: That is first, and the second part is the problems -- even if it is not from the same field, was it the same or similar problems that the examiner addressed or that the applicant addressed.

JUDGE TORCZON: Okay. And that can be sub-elements of the claim, right?

MR. GATTO: Yes. And to the extent that the sub-elements are what we are talking about, is detecting a coupon on a client system and then redeeming that coupon. The wagering system has nothing to do with redeeming even the bet, right.

JUDGE TORCZON: But is that the way the examiner was using it?

MR. GATTO: Yeah, yeah. He was saying that you, because you have a wagering system and you can communicate information electronically. All you are doing is communication information electronically, you are not doing the functions that are claimed, it doesn't relate to the functions that are being claimed. When you --

JUDGE TORCZON: But you just said that the way he was using it was to address electronic communication with an end user.

MR. GATTO: Correct. And I am saying that is not what the claim -- the claim, it's not that broad though, right. You have to look at the particular --

JUDGE TORCZON: The claim doesn't involve, the claim doesn't involve electronic communication with an end user?

MR. GATTO: The test is not what it involves, the test is what are the problems the examiner, the applicant was trying to solve. And it's, you have now downloaded a coupon right --

JUDGE TORCZON: So you are telling me that the claim doesn't cover solving the problem of electronically communicating with the consumer.

MR. GATTO: Electronic communication per se is not the problem. It's functional problem of you have a coupon, how does the consumer redeem it.

JUDGE TORCZON: Are you familiar with In re Gorman? It is a Judge Newman decision from the early 90s.

MR. GATTO: The name sounds familiar, but I --

JUDGE TORCZON: Okay, I strung together 16 different references I believe, it is a large number.

MR. GATTO: Yeah.

JUDGE TORCZON: Each was addressing a different sub-part of the problem. Now, not a single one of them collectively addressed the

entire claim. They were all addressing sub-problems with the -- now, how is it that, I mean, are you telling us the case law was wrong?

MR. GATTO: No. What I am saying is that even if, even if you assume that the problem that you are saying is a sub-problem, let's assume it is for a second, okay, you know of communicating information over a network. So what? The questions is where in any of the references the examiner is relying on, okay, is there an indication that the communication can be used for purposes of reading a coupon that is stored on a client device and then redeeming it.

Von Kohorn tells you that he, and the examiner cites this qualification, the examiner says "in Von Kohorn you redeem coupons by mail or in-person, or by calling up over the phone and giving the information." That is it. Even if you know communicating information generally over a network was known, how does that suggest without hindsight that you should now change Von Kohorn into a system where you are using that communication path to read a coupon from a client system and then redeem it. It doesn't tell you that, right.

So what I am saying is the tool is there. And while the system perhaps could be used, that is not the test. Is there a suggestion to perform the functions claimed? And that is what is missing from Von Kohorn. There is no electronic redemption.

JUDGE MOORE: You raise a good point. Undoubtedly, you wrote this brief before the decision in KSR came down.

MR. GATTO: Right.

JUDGE MOORE: And KSR tells us that we "must ask whether the improvement is more than the predictable use of prior art elements according to their established function." What more do we have other than prior art elements which are being used in the manner for which they are known?

MR. GATTO: You have the missing function. KSR deals with a combination of known elements. There is no evidence that the functions or steps, depending whether it is the method or system claims, that the functions or steps of reading stored coupon information from a client and then using that in connection with a transaction to provide a discount that those steps were known.

If they were known in a different context, if the examiner points at something in a different context that related to that, then maybe KSR is more relevant. But in this case, there is no evidence of that. And that is one, that is one of the main failings of the Von Kohorn reference, is it tells you how to redeem it.

And there is nothing that the examiner relies on, even if it addresses maybe other aspects of the problem, there is nothing that tells you redeem in a different way. The things he points to do not deal with redeeming coupons that are stored on a client system.

JUDGE MOORE: Well, even if we accept that premise for Von Kohorn, what about Nichtberger? Nichtberger pretty much laid it out.

MR. GATTO: Well, again in Nichtberger -- again, the examiner doesn't combine Nichtberger with Von Kohorn. If you look there is two different rejections, Nichtberger, Valencia on a Kohorn and --

But even if you look at Nichtberger, again, Nichtberger doesn't, we get back to the same arguments, I won't rehash them. But Nick Berger, again it is an in-person communication. You take the card and you walk to the checkout. It is an in-store redemption. It is not a remote electronic redemption, which is what the claims go to.

JUDGE TORCZON: So all we have done is automated that step, why is that unpredictable?

MR. GATTO: It is not just automating it, because it requires that you know, again, if you look at what the claim specifically requires there is a series of steps or functions that involve reading the information off the stored coupon, off the client system and doing the redemption.

There is no suggestion to do that. There is nothing the examiner points to suggest to do that remotely. Nick Berger is in-store.

JUDGE MEDLEY: But isn't it just like he said, automating a known process? I mean, redeeming coupons, been doing that for years and years. And under, for example Leap Frog, aren't you just using now known technology to --

MR. GATTO: No.

JUDGE MEDLEY: -- automate these steps?

MR. GATTO: I respectfully disagree. We are not doing that, because what you are enabling is automatic discounts to be applied to online

transactions for example. That was not known. With an online transaction in the prior art, if you had an electronic coupon, how do you apply that coupon? You couldn't, right, because you are ordering online, you have a physical coupon, the two don't work.

It is a series of steps and functions. If you look at the claim as a whole, it is a series of steps and functions that enables that. But it is not merely automating the delivery, the redemption of a coupon.

JUDGE MOORE: But wouldn't that argument be more persuasive if any of these claims were limited to an online transaction utilizing the Internet?

MR. GATTO: A number of the claims do refer specifically to redeeming the coupon in connection with a transaction.

JUDGE MOORE: But we have been discussing the independent claims, the supporting claims.

MR. GATTO: Well, I believe some of the independent -- well first of all, claim 63 refers to the Internet --

JUDGE MOORE: But those limitations aren't in claim 57, they are not in claim 47. Well I do think we understand your position. And I don't want you to think that we, because we are being vigorously questioning, that we have pre-judged this or made up our minds. We are just very interested in this one.

MR. GATTO: I do appreciate your vigorous questioning, it was a good exercise. One last thing if I can. You know, the other thing we didn't talk about is claim 60 for example. There is also other servers for, and

again, automatically authenticating the coupon before to redeem. Again, there is just simply nothing in the prior art reference the examiner points to in the combination of electronic redemption of coupons to do that as well.

So what I would say in closing, because I realize we have gone a long time and I appreciate the extra time you have provided, is that there is a variety of scope of claims here. And I gather from your questioning, some of the claims you wish were more specific.

Some of the claims do specifically talk about the Internet, some specifically talk about you know, doing this in connection with an online transaction. Others talk about authenticating. We have separately argued a lot of these claims. We would not like to see these stand or fall together, that we believe that there are separate elements in some of these claims but there is common themes throughout some of them.

Where if you agree with us, we believe all the claims are allowable. But if not, we believe at least some of these claims are clearly allowable over the prior art and the rejection provided by the examiner. Thank you very much.

JUDGE TORCZON: I would like to make just one observation, and that is in the context of interferences, since that is how this comes up.

MR. GATTO: Yes.

JUDGE TORCZON: One of the things that the rules put in place in 2004 point out, is that written description and copied claim is a problem. And there is just no need to copy a claim. And I think this case,

however it turns out, shows the difficulty when you are trying to cross-apply somebody else's language to your specifications.

So one take home lesson would be that you can save yourself a lot of trouble by framing things in terms of your specification and not somebody else's.

MR. GATTO: Thank you. One last thing, for real the last thing. I just wanted, if you are interested, there has been subsequent history in some of the cases. We had through the briefing schedule, had provided updates on the status of related applications and appeals.

There have been additional subsequent decisions.

JUDGE MOORE: Any favorable to you?

MR. GATTO: On most -- fortunately, many of these don't relate to the same claim elements we are dealing with here, but many of them were not favorable.

JUDGE MOORE: I appreciate you bringing them to our attention. We have already looked into them. Every one you listed in your brief we have checked into.

MR. GATTO: Okay. So I didn't know procedurally if there is a mechanism for submitting something or whether we need to under rule 56. But if you are telling me I don't need to submit anything, I won't.

JUDGE MOORE: Not at this point, you don't need to do that. We already know what the status of those cases are.

MR. GATTO: Thank you very much. I appreciate all the time.

(Whereupon, at approximately 9:45 a.m., the proceedings were concluded.)